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Australian Government
Australian Taxation Office

Mr Mark Fitt
Committee Secretary
Senate Economics Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Fitt

I am writing in response to your letter to the Commissioner of Taxation dated 25 March 2020 regarding adverse comments made by Mr Joel Bunn in a submission to the foreign investment inquiry. I would like to take the opportunity to clarify the ATO's responsibilities under the *Foreign Acquisitions and Takeovers Act 1975* (FATA).

The ATO and Treasury co-administer the FATA. The ATO is responsible for application screening and compliance in relation to residential real estate, non-sensitive commercial real estate and internal reorganisations, while Treasury retains overall responsibility for administering business, agriculture and sensitive or complex commercial real estate cases. The FATA requires foreign persons to notify the Treasurer of certain proposed acquisitions. In relation to residential land, this includes a proposed acquisition of title over the land, and leases where they extend beyond 5 years.

As an administrator, the ATO adheres to the government's policy for foreign investment which, for residential real estate, is that proposed investment should increase Australia's housing stock. The ATO has a dedicated and effective screening team and utilises sophisticated data matching and a robust compliance framework to detect, deal and deter non-compliance with foreign investment obligations for residential real estate. This includes liaison with AUSTRAC and the AFP regarding source of funds and the use of conditions on approvals to mitigate identified risks that a proposed investment may be contrary to the national interest.

Yours sincerely



Mark Konza
Deputy Commissioner
International
16 April 2020